The Letter team wishes you all a very merry Christmas and a Happy New Year. It thanks you for your loyalty and looks forward to its first issue in 2012 on 10th January.

Where is Spain Heading? Thought about the People's Party's electoral victory

For the new Spanish government the strict respect of its commitments taken out with the European Union will be an absolute priority. These are commitments which might also be difficult for the party - now in the opposition - that supported the government which adopted them to challenge. The next executive will be able to face any protest since it will have the support of the majority of the population won over by the People’s Party in the town councils, the Autonomous Communities during the local and regional elections last May.

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Front page! : 2nd Anniversary of the Lisbon Treaty

On 19th December the Chairman of the Robert Schuman Foundation, Jean-Dominique Giuliani, took part in a debate at the Bulgarian National Assembly on the occasion of the 2nd anniversary of the entry into force of the Lisbon Treaty. He spoke on the financial crisis and notably of the solutions that should be implemented. On the same day the Assembly launched an information and communication campaign devoted to European issues... Read more
Election :

Presidential Election in Finland

On 22nd January next, on the third Sunday in the month, as is customary, more than 4.4 million Finns are being called to ballot, to appoint the successor to Tarja Halonen as President of the Republic. The outgoing Head of State, elected for the first time on 6th February 2000 cannot stand again. The Finnish Head of State is elected for a 6 year term in office. Eight people are standing: Sauli Niinistö, the Conservative Assembly's candidate (KOK), former Minister of Justice (1995-1996) and Finances (1996-2003); Paavo Väyrynen, the Centre Party candidate (KESK); Paavo Lipponen, the Social Democratic Party candidate, former Prime Minister in 1995; Timo Soini, the leader of the True Finns (PS); Pekka Haavisto, the Greens candidate (VIHR), former Environment Minister (1995-1999); Sari Essayah, the Christian Democratic Party's candidate (SKL), MEP since 2009; Paavo Arhinmäki, the Left Alliance candidate (VAS), of which he has been the chair since 2009; Eva Biaudet, the Swedish People's Party (SFP)...

Financial Crisis :

Spanish Debt Rising

Spain's public debt represented 66% of the GDP in the third quarter, whilst it totalled 58.7% one year ago, according to figures published on 16th December by the Bank of Spain. Spain's debt level is above the 60% limit set by the EU's Stability and Growth Pact, but it is well below the European average that was 85.1% in 2010. The government is forecasting a debt of 67.2% of the GDP at the end of 2011 and its goal is to maintain this below 70% until 2014...

Finland: the government won the confidence of Parliament

The Finnish government led by Jyrki Katainen won the confidence of Parliament on 14th December with 116 votes in support, with regard to his way of managing the debt crisis. The confidence vote concluded a tense debate over the euro crisis initiated the day before by the Finnish Party, the chair of which Timo Soini, accused the government of giving up Finnish sovereignty to the euro, demanding that preparations be made for the end of the single currency. The Centre Party declared that it did not want the dismantling of the euro zone, but that it did not want to save the "European currency at all costs."...

France is due to enter recession briefly at the end of 2011, beginning of 2012

According to a paper published on 15th December by the French national statistics institute (INSEE), France is due to experience a brief recession in the fourth quarter 2011 and in the first quarter of 2012. It will be difficult to reach the forecast 1% growth rate next year. Economic activity will resume weakly in the second quarter but growth at the end of June 2012 will be 0%...

Greece: the economy contracts and unemployment rises

Greece's budgetary deficit continued to increase in November, said the Greek Finance Minister on 12th December. According to estimates the budgetary deficit for January to November totals 20.52 billion euros. This is said to be a 5.2% increase in comparison with the previous year. Greece might be forced to take extra austerity measures to achieve its budgetary goals for 2011. The decline in the public finance situation is notably due to the fall in revenues. The contraction of the economy in Greece will rise beyond 5.5% in 2011, the country is now in "the deepest recession", indicated Greek Prime Minister Lucas Papdemos on 14th December. The unemployment rate continued to rise in the third quarter to 17.7% in comparison with 12.4% a year previously and 16.3% in the second quarter indicated the Greek Statistics Authority (ESA), which says that more than one third of young people are without work...
The Hungarian Prime Minister announces a difficult year in 2012

In an interview on TV, Hungarian Prime Minister Viktor Orban declared that Hungary was due to review its growth forecasts downwards. The growth rate in 2012 is estimated at "0.5%, and possibly less," he said. Hungary that is not a euro zone member, is extremely dependent on exports to the monetary zone and notably to Germany. The country is suffering especially from the slowing in the euro zone's economic activity. After a significant rise in obligatory rates Hungary asked for help from the IMF at the end of November. An IMF delegation travelled to Budapest from 13th to 16th December "to discuss the latest developments in terms of the budget.".. Read more

Ireland: 5th aid instalment from the IMF

On December 14th the IMF announced that it had approved a payment of 3.9 million euros for Ireland, the fifth part of a loan granted in December 2010. The IMF indicated in a press release that its executive board had given its green light to this payment bringing the total amount made available to Dublin to 13.1 billion euros. Ireland has received a rescue plan of 85 billion euros over three years provided by the IMF to total of 22.5 billion euros... Read more

"Save Italy"

On 15th December the Italian Parliament gave its confidence to the government by approving the bill "Save Italy" dated 6th December. This comprises urgent measures for growth, equity and consolidation of public finance. Italian Prime Minister Mario Monti defended his 33 billion euros austerity plan on 13th December as he spoke to a parliamentary commission, stressing that Italy was in a state of "economic emergency." The austerity plan that was approved by the government notably plans for a rise in property taxes, reductions in retirement pensions and public spending. Mr Monti admitted that these measures threatened to impede domestic demand but said that "the plan was fair as a whole.".. Read more

Latvia: adoption of the austerity budget of 2012

The Latvian Parliament adopted an austerity budget 2012 on 15th December that forecasts a 2.5% increase in the GDP, next year against more than 4.5% expected this year. Approved by 56 MPs against 42 the 2012 finance law is preparing for a public finance deficit of 2.5% of the GDP with State spending reduced to 5.45 billion lats (7.75 billion euros) and revenues of 5.57 lats. "This is a positive sign with regard to budgetary discipline in Latvia and its prospects for the future," declared Latvian Prime Minister Valdis Dombrovskis... Read more

Dutch Economy in Recession

According to figures published by the Central Planning Bureau (CPB), the Dutch economy is in recession. The CPB is forecasting a 0.5% contraction of the GDP in the Netherlands in 2012. The Bureau explains this recession via a decline in world trade and in consumer confidence. The CPB believes that the Dutch government will succeed in reducing public deficit to lie at 4.1% of the GDP in 2012, against 4.6% in 2011. The measures set in place by the government to reduce the deficit are the origin of the recession. According to the CPB the outlook for 2012 depends on "the European crisis"... Read more

Unemployment rising in the UK

The number of unemployed in Britain reached a new record at the end of October - the highest in 17 years. It now totals 2.6 million in spite of an overall rate that has not changed at 8.3% according to official figures published on 14th December. The number of people looking for work increased by 128,000 whilst the unemployment of 16-24 year
olds continued to rise beyond the symbolic million mark. The number of jobs in the civil service fell by 67,000 in the summer, as part of the austerity plan implemented by David Cameron’s government. According to the latest official forecasts this should lead to the loss of 700,000 jobs over six years in the civil service...

European Council:

28th EU-Russia Summit

The Presidents of the European Council and of the European Commission, Herman Van Rompuy and José Manuel Barroso and the Russian President Dmitri Medvedev met on 15th December on the occasion of the 28th EU-Russia Summit. With regard to the issue of visas, the EU and Russia agreed on greater cooperation. This should enable European and Russian citizens to travel without a visa to Russia and to all of the Schengen Area countries for short trips. The EU said it was prepared to support the country’s accession to the WTO, planned for the end of the year. Some sensitive issues such as the repression in Syria and Iran’s nuclear programme were also discussed. With regard to the euro crisis, the Russian President said he was prepared to provide aid that might be given jointly with other countries via the IMF. It might provide up to 20 million $...

Draft European Treaty

The text, which in the main, takes up the conclusions of the last European Council on 9th December offers new competences to the European Commission. These are prerogatives that were controlled by the Member States of the euro zone to date: “the Contracting Parties whose currency is the euro undertake to support proposals or recommendations put forward by the European Commission where a Member State whose currency is the euro is recognised by the European Commission to be in breach of the 3 % ceiling in the framework of an excessive deficit procedure, unless a qualified majority of them is of another view.” Moreover the Treaty includes a general ban on State aid and in terms of the budget Member States will have to communicate the main outline of their draft budget to Brussels by the spring. The main points are therefore: greater structure for the Economic and Monetary Union (budgetary pact and enhanced coordination of policies and governance) and stronger stabilisation instruments...

Commission:

Proposals on cross-border inheritance duties

The European Commission is addressing issues associated with cross-border inheritance duties said the Taxation Commissioner, Algirdas Semeta on 15th December. According to the Commission "EU citizens who inherit property abroad often have to pay taxes in more than one member State." In some cases they were forced to sell what they have inherited in order to pay these taxes. This phenomenon particularly affects small companies. The Commission does not want to harmonise rules that are applicable on a national level but advises "a wider more flexible application of national measures that aim to avoid double taxation." The Commission will monitor the acceptance of its recommendations by the Member States. A first assessment report will be published in three years time...

Parliament:

A single residence/work permit for immigrant workers in the EU

On 13th December the European Parliament adopted a new "single permit" that will enable immigrant workers living legally in the EU to have greater, more harmonised rights in the Member States in terms of working conditions, social security and access to public services. The directive also plan to simplify red-tape with the granting of the employment/residence permit in a one step procedure. The Member States have two years to adapt their legislation to the new rules...
**New Labelling on Fruit Juices**

On 14th December European Parliament approved new rules governing the labelling of fruit juices and nectars as well as on similar products. In order to support the consumer MEPs said they wanted specific information to be provided on packaging such as the difference between a "juice" and a "nectar". The rules also aim to prevent potentially deceptive names from being given to fruit juice mixtures and to prevent claims that there is "no added sugar"... Read more

**European Protection for Victims of Crime**

MEPs approved the report written by Teresa Jimenez-Becerril Barrio relative to a decision on European protection in a plenary session in Strasbourg on 13th December. This principle will enable anyone who is protected by the criminal law in one EU member state to benefit from similar protection when he travels to another Member State. As an example, people who fall victim to violence, sexist violence, harassment, kidnapping, murder attempts are included in this ruling. The Council of the European Union now has to approve the text that is due to be transposed in the Member States within the next three years... Read more

**ITER Funding**

The European Parliament’s Budgets Committee approved the agreement with the Council in order to increase the funding of the ITER project by 1.3 billion euros in 2012-2013. However the financial future of ITER is a matter of concern since the Greens believe that no public funding should support nuclear energy and six countries (including Germany, France and the UK) have demanded greater guarantees in the future... Read more

**Council**

**Towards a Single European Railway Area**

On 12th December the 27 Transport and Telecommunications Ministers came to agreement on the draft directive establishing a common area in the rail industry in order to simplify, clarify and modernise the present rules and to complete the single railway market. With regard to road transport, the Ministers decided to step up the fight against fraud by updating the rules on tachographs that are installed on board vehicles. Finally with regard to maritime transport they came to a joint position on the review of the rules governing double hulled ships and the directive on the minimum training for sailors. In terms of telecommunications they adopted conclusions to guarantee an open, neutral internet Europe wide, as well as a decision establishing a harmonisation programme on the use of radio-frequencies that is due to be adopted by Parliament in February 2012... Read more

**Green Light for the new EU-USA agreement on air passenger data**

On 13th and 14th December the Justice and Interior Ministers accepted the signature of the agreement with the USA thereby allowing the transfer of air passenger data. They did not come to agreement on allowing Romania and Bulgaria to enter the Schengen Area. With their Icelandic, Liechtenstein, Norwegian and Swiss counterparts they looked into the means to improve the Schengen Information System (SIS II) and to fight cross-border crime... Read more

**Accesion by Russia and Samoan Islands to the WTO**

The Foreign Affairs Council that took place on 14th December focused on trade issues. The 27 ministers approved the accession by Russia and the Samoan Islands to the WTO, as well as the establishment of preferential treatment for services from less developed countries. Moreover they gave the green light to the European Commission for it to start negotiations in view of concluding global free-trade agreements with Egypt, Jordan, Morocco and Tunisia... Read more
Ministers agree on fishing quotas for 2012

On 15th and 16th December the 27 Agriculture and Fisheries Ministers came to agreement on fishing quotas for 2012. Ministers also insisted on the importance of promoting the common agricultural policy to strengthen the EU's agriculture and agro-food sectors... Read more

Aid to the poorest

Thanks to a political agreement, which was concluded on 15th December, the food aid programme to the poorest will be extended by two years - into 2012 and 2013. The project that totals 500 million euros annually, is to help more than 18 million people. It is part of the Common Agricultural Policy and is notably due to help charitable organisations to have enough funds and logistic means to provide what is necessary... Read more

Auditor's Court :

Report on State Aid

On 15th December the European Court of Auditors published a report devoted to the means implemented by the European Commission to control the legal nature and effectiveness of State aid. The Court explains that procedures are too long, even though the Commission has reacted rapidly during the crisis and asks for greater transparency in its decisions. Moreover it believes that the study of the impact of this aid might be improved... Read more

Diplomacy :

The Council steps up sanctions against Belarus

On 16th December the Council stepped up sanctions against the Belarus government led by Aleksandr Lukashenko. Two people, who influenced the conviction of human rights defender, Ales Beliatski, were added to the list of those who can no longer enter the EU. The list now includes some 210 people. The Council also decided to maintain the sanctions set on several companies that collaborate with the regime, including BelTechExport, one of the main Belarus arms companies. The embargo on the European export of materials that might be used for internal repression is also being kept up. In a joint declaration on 18th December the High Representative of the EU, Catherine Ashton, and American Secretary of State, Hillary Clinton recalled the hardening of the repression in Belarus, which started one year ago after the presidential election. They are asking for the immediate liberation of all political prisoners... Read more

An improved European External Action Service?

Berlin, Paris, Warsaw and nine other capitals are asking the head of European diplomacy, Catherine Ashton, to improve the European diplomatic service that is often criticised for its lack of initiative and organisation. The introduction of the EEAS in December 2010 "is a complex process that needs time" admit these countries in a joint document. They notably suggest improvements to the preparation of the European Foreign Affairs Ministers' monthly meetings by "optimising the identification of political priorities"; they also wonder whether the service is "structured correctly" for an effective cooperation with the European Commission's services... Read more

Germany :

Speech on the "New Europe" by Angela Merkel

On 14th December German Chancellor Angela Merkel told German MPs what the European Council's had decided on 9th December, as she spoke at the Bundestag. Europe has laid some "important foundations" in view of creating budgetary union she stressed. A process had been
started that should enable a strong exit to the sovereign debt crisis. "A new Europe of stability, solidarity and confidence" is being born" she declared...

Spain:

**Jesus Posada elected leader of the Congress and Pio Garcia-Escudero as the head of the Senate**

Two politicians loyal to the future head of the Spanish government, Mariano Rajoy, were elected on 13th December as leaders of the two chambers of Parliament. Jesus Posada, 66 was elected leader of Congress, the lower chamber and Pio Garcia-Escudero, 59 was elected to lead the Senate. The government formed by the People's Party (PP), winner in the elections on 20th November, is to be finalised on 22nd December after the new Prime Minister is sworn in on 21st December...

Hungary:

**The independence of the Hungarian Central Bank under threat**

On 15th December the IMF, the EU and the European Central Bank expressed their concern to the Hungarian government about a new project to reform the Central National Bank, which they say would threaten its independence. The text plans to withdraw the governor of the Hungarian Central Bank's prerogative to choose his two deputies. Moreover it advises on an extension to the monetary council, which decides monthly on the interest rate policy, from 7 to 9 members, thereby increasing the number of external members appointed by parliament from four to six. Andras Simor, the Hungarian bank's governor, likens the project to a take over of the bank's power by the government. With the IMF, the European Commission "has decided to interrupt the preparatory mission." It is concerned by the "Hungarian authorities' intention to push for the adoption of laws that could undermine the central bank's independence."...

Czech Republic:

**Vaclav Havel passed away on 18th December 2011**

Vaclav Havel, the emblem of the "Velvet Revolution" in Prague 1989 and President of Czechoslovakia then of the Czech Republic from 1989 to 2003, passed away on 18th December after having suffered many health problems, a result of his imprisonment under the former communist regime...

UK:

**Tumultuous Debate in Parliament**

British Conservative Prime Minister David Cameron defended his veto against the new European treaty during a debate in the House of Commons on 12th December saying that above all it was his duty to ask for guarantees for his country - but the absence of Deputy Prime Minister, Liberal-Democrat Nick Clegg widened the gap that exists between the ruling coalition. "Great Britain is still a member of the EU and last week's events change nothing (...) We are in the EU and we want to stay in it," declared Mr Cameron, adding however "that the right answer to give, is 'no treaty' It was not an easy thing to do but it was right."...

Ukraine:

**The signature of the EU-Ukraine depends the trial of Yulia Tymoshenko**

After the EU-Ukraine Summit that took place on 19th December in Kyiv the President of the European Council, Herman Van Rompuy said that the signature of an association agreement between the EU and Ukraine depended on "political circumstances", notably on the Yulia Tymoshenko case, the government's political opponent who has been sentenced to 7 years in prison. According to a joint declaration the "total respect" of common values such as democracy and the rule of law, is a pre-requisite for
Ukraine's association with the EU." Ukrainian President Viktor Yanukovych said that his country "remained true to European values. He also announced that recent criticism on the part of the EU "would not go unheeded."... Read more

**Switzerland :**

**Eveline Widmer-Schlumpf elected president of Switzerland for 2012**

On 14th December the the Helvetic Confederation’s present Finance Minister, Eveline Widmer-Schlumpf of the Democratic Bourgeois Party (PBD), was elected president by 174 votes in parliament. Ms Widmer-Schlumpf succeeds socialist Micheline Calmy-Rey and will preside over the Helvetic Confederation in 2012. The presidency is held every year alternately by one of the seven members of the Federal Council, according to a pre-established list and according to the order of time served. For the first time in its history the Confederation will be presided over by a PBD member... Read more

**WTO :**

**The WTO now has 157 members**

On 16th and 17th December the accession of Russia, Montenegro and the Samoan Islands to the World Trade Organisation (WTO) was completed. The WTO now has 157 members including all of the G20 countries. The EU is pleased that Russia, Montenegro and Samoa have now joined. By integrating Russia and the other countries into the framework of the WTO’s stable rules the EU hopes that trade relations will develop... Read more

**Eurostat :**

**Employment declining in the euro zone and the European Union**

On 15th December Eurostat published the employment figures for the euro zone and the EU. In both zones it declined by 0.1% in the third quarter in 2011. Over one it has increased by 0.2% in the euro zone and decreased by 0.1% in the EU. Property and construction are the most affected sectors by this loss of jobs whilst administration, public services and industry are the ones which have created the most... Read more

**Annual inflation rate in the euro zone at 3%**

On 15th December Eurostat published the inflation figures for November. In the euro zone the inflation rate lies at 3%, unchanged in comparison with November but up by 1.1% over one year. In the EU inflation lies at 3.4% - again unchanged in comparison with the previous month, but up by 1.1% over one year... Read more

**External Trade Surplus in the Euro Zone**

In October 2011 the euro zone recorded an external trade deficit of 1.1 billion euros according to a publication by Eurostat on 16th December, ie 2 billion less than a year ago. The European Union as a whole records a deficit of 11 billion euros, up by 1.4 billion over one year... Read more

**In 2010 the GDP per inhabitant varied depending on the Member State**

According to figures published by Eurostat on 13th December, the GDP per inhabitant in 2010 varied greatly from one country to another in the EU - from 44% to 271% of the average. In the lead is Luxembourg, then the Netherlands, - on the other end of the scale are Bulgaria and Romania. The UK and France lie at around 10% above the average whilst Spain and Italy find themselves very close to the average... Read more
Studies/Reports:

**The European Union and the Crisis. Do we need more integration?**

The French Institute for International Relations (IFRI) has published a study entitled "The European Union and the Crisis. Do we need more Integration?" which tries to respond to three issues. Firstly, the different facets of integration are looked into. Secondly the authors examine the development of the European project and especially how the players will adapt (the Franco-German couple, non euro zone states, the European institutions). Finally the issue of the Union's position in the world arises - since it cannot act as if it were alone... Read more

**Developments after the 9th December Agreement**

The Foundation for International Relations and External Dialogue (FRIDE) has published a study in the wake of the European summit on 8th and 9th December last. It looks into the ability of the decisions taken to save the euro given the austerity policies that are being applied everywhere in Europe and which are weakening the legitimacy of the European States policies. It believes that only political action undertaken as part of the European institutional framework can be effective... Read more

**Developments in Employment and the Social Situation in Europe**

Measures in the social and employment sectors are "necessary" to guarantee the creative recovery of employment in Europe, said the European Commission on 15th December. "To respond effectively to the economic crisis in Europe and to revive growth we must act on economic and social aspects of this crisis at the same time," said the Commissioner for Social Affairs, Laszlo Andor as he presented the first annual report on "developments in employment and the social situation in Europe". The conclusions of the Commission's report describe how the crisis has worsened Europe's structural weaknesses, such as inequalities in income and the destruction of average salary work, especially in the manufacturing industry and in construction... Read more

**ECB Statistics**

The European Central Bank has published its monthly economic statistics for December. Figures bear witness to a slight recovery in employment, but also to a sharp increase in the cost of funding on the markets for the Member States, which has risen by 0.4% over one month in the euro zone. Moreover, confidence indicators are all down...

Publications:

**European Citizenship**

The Trans-Europe Experts Collection has published a book on "European Citizenship" under the management of B Fauvarque-Cosson, E Pataut and J Rochfeld. This book looks into progress in terms of the idea of European citizenship, introduced in 1992 in the Maastricht Treaty. The idea of a united Europe seems threatened today. Can we base European citizenship on the project in which we share the same fate and interests, both in Europe and beyond?... Read more

**The other side of the map**

Tallandier publishing recently released "Le Dessous des Cartes" by Jean-Christophe Victor (The other side of the map). The book is divided into three themes : changes in the world, violence in the world and crossing borders; the book is illustrated with very clear maps. It provides us with the key to understanding the world in which we live and to anticipating the one we shall live in... Read more

Culture:
Enrol for the Charlemagne European Youth Prize

The Charlemagne European Youth Prize encourages young people to invest in support of the European Union and to commit to new debate over European integration. This prize picks out the projects that foster cooperation, dialogue and understanding within the EU and help to build a joint European identity. It is awarded yearly by the European Parliament and the International Charlemagne Foundation of Aachen. The best three projects receive a prize of 5000, 3000 and 2000 euros respectively. You can still enrol - the deadline is 23rd January 2012!.. Read more

Berlin-Munich 1905-1920. Der Blaue Reiter vs die Brücke

The Pinacothèque of Paris is devoting an exhibition to the two main currents in German Expressionism - which were quite different, but both extremely representative of this movement. "Der Blaue Reiter" and "Die Brücke". The exhibition is presenting these two distinct trends using around 150 pieces of work by Kirchner, Nolde, Schmitt-Rottluff and Kandinsky. The exhibition is open until 11th March 2012... Read more

The Klimt/Hoffman duo at the Belvedere in Vienna

On the occasion of the 150th anniversary of the birth of Klimt (1862-1918), eight Viennese museums are putting on exhibitions focussing on the artist. This will enable the public to rediscover paintings, sketches and studies. Until 4th March 2012 the Belvedere Museum in Vienna, which has the biggest Klimt collection will pay tribute to the Austrian architect and designer Joseph Hoffmann. This exhibition shows how the artists' shared the same view of some aspects of daily life... Read more

Garibaldi and Italy

On the occasion of the 150th anniversary of Italian Unity the library at the Chamber of Representatives is hosting an exhibition entitled "Garibaldi for Italy - Italy for Garibaldi" until 20th January 2012. The inevitable link between the hero and his country is imprinted in the history of the Republic of Italy. The exhibition reviews this link which continues today... Read more

Jules Cheret, pioneer of the advertising poster

In association with the Museum of Decorative Art of Paris the "Villa Stuck" Museum of Munich is hosting a major exhibition devoted to Jules Chéret (1836-1932) who was the first pioneer of the advertising poster. The exhibition presented first in Paris provides an overview of the artist's work which lies on the border of decorative and beaux-arts. The exhibition is open until 5th February 2012... Read more

Agenda :

19 Dec
19th December
Brussels
Environment Council

Kiev
EU-Ukraine Summit

Eurogroup

22 Dec
22nd December
ECB Council